DEP4ALL Legal and Financial Infosheet

COFINANCING
IN DIGITAL EUROPE PROGRAMME (DEP)

OBJECTIVE AND CONTENT OF THE INFOSHEET

The *Infosheet* aims to explain what kinds of contributions can complement DEP funding and what are the applicable rules regarding cofinancing in DEP projects.

LEGAL BASIS AND OTHER DOCUMENTS TAKEN INTO ACCOUNT

- Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast), Financial Regulation
- Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 - DEP Regulation
- Standard Application Form for the Digital Europe Programme, Version 2.0, 1.06.2022, AF DEP
- General Model Grant Agreement for the Digital Europe Programme, Version 1.0, 1.11.2024, MGA DEP
- Annotated Grant Agreement, Version 2.0, 1.04.2025, AGA
- Rules for Legal Entity Validation, LEAR Appointment and Financial Capacity Assessment, Version 5.0, 1 February 2024, Rules for validation
- Other relevant documents published on the EU Funding & Tenders Portal in section Reference Documents, such as: Work Programmes, Calls for proposals in Digital Europe Programme, templates for Declaration of Honour

What is cofinancing in DEP?

As a rule, the EU grants are to finance only part of the project costs. Apart from specific grants where the co-funding rate is 100%, most of the DEP projects are funded at the rate of 50% of the total eligible costs.

For the purposes of this document **cofinancing** means the resources necessary for the project implementation to be secured by the project beneficiaries in addition to the DEP grant.

The sources of the cofinancing can be different:

- beneficiary's own resources – this encompasses not only direct financing but also e.g. the estimated cost of personnel engaged, the cost of already available infrastructure and equipment in its part used for the project
- income generated by the project
- financial contributions from third parties.

In-kind contributions from third parties are ineligible cost in DEP.

The cofinancing to the DEP financing could be public or private financing or mix of both.

Possible sources of public funding:

- beneficiary's own resources if it is a public body
- funding from the public state, regional or local budget
- funding from some other EU programmes.

According to the DEP Regulation it is allowed for DEP projects to be cofinanced from other EU programmes in line with the conditions of the respective programmes.

For possible public cofinancing options in your country, you should contact your DEP National Contact Point.

Regarding public cofinancing to DEP projects, the State Aid rules need to be followed. More on this topic could be found in the *DEP4ALL Legal and Financial Infosheet on State Aid in Digital Europe Programme*.

What are the requirements regarding securing cofinancing?

Applicants must ensure sufficient other resources (apart from the DEP grant) to implement the project successfully.

Usually, there is no specific requirement in the application form to describe the sources of cofinancing. However, ensuring providing a stable and well-structured project budget in section *Implementation* of the *Application Form* will be positively evaluated.

Important: For some call topics it could be required to declare at the time of application that the necessary cofinancing will be secured. When this is required, the applicant usually needs to enclose to the application documentation a letter of commitment (e.g. from the Member States or local/regional authorities). If there is such requirement, it will be stated in the *Call document* for the relevant call topic.

Moreover, the capacity to cofinance a project by the project applicant is checked under the financial capacity assessment that is obligatory for all non-public bodies and individual grant requests higher than 60 000 EUR. The assessment is usually carried out before signing the Grant Agreement. According to the *Call document*: *Applicants must have stable and sufficient resources to successfully implement the projects and contribute their share. Organisations participating in several projects must have sufficient capacity to implement all projects.*

If the applicant's financial capacity is not satisfactory the granting authority may for e.g.: require prefinancing guarantees (financial guarantees for the repayment of the prefinancing), propose no prefinancing, or even request the replacement of the applicant or reject the entire proposal.

Consequently, providing stable financial contribution to the project is an important condition for a successful project consortium and should be considered when working on the project proposal.

Finally, as a prerequisite to sign the Grant Agreement all participants must provide *Declaration of Honour*, where they confirm they have stable and sufficient sources of funding to implement the project.

How is the project budget settled?

Important: The funding rate is applied to the total eligible project costs. These are divided into project participants shares, so if the co-funding rate is 50% of the total project budget every participant should contribute the other 50%. However, you do not need to follow the proportion of cofinancing and DEP funding when paying for every single expenditure. The grant amount is estimated by applying the co-funding rate to all declared eligible costs by every participant.

The EU grants have normally single funding rate stated in the *Call document*, but there are also specific cases where several funding rates inside a project are possible. In DEP these are the SME Support Actions (75% co-funding rate for SME and 50% for other types of beneficiaries) and grants where the Financial Support to Third Parties is allowed. For projects with several different funding rates budget transfers between the positions with different rates are more restricted – they are carefully verified and need extensive justification.

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